MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2018/2019

DFA5018 – FINANCIAL ACCOUNTING 1

(For Diploma Students Only)

15 OCTOBER 2018
9.00 A.M – 12.00 P.M
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **7** pages with **4** questions.
2. Write your answers in the answer booklet provided.
3. Answer ALL questions.

QUESTION 1

Part A

Based on Figure 1, answer the following questions:

- Historical Cost Principles
- Fair Value Principles

Figure 1: Measurement Principles used in IFRS

1. Explain each of the measurement principle in Figure 1.

(4 Marks)

2. In order for company to select which principle to follow relates to trade-off between two qualitative characteristics. Explain the **TWO (2)** qualitative characteristics that make accounting information useful for decision making.

(4 Marks)

Part B

Identify **THREE (3)** forms of business ownership and briefly discuss **THREE (3)** characteristics of each of the form.

(12 Marks)

Part C

On June 1, Jesicca Hair Salon Sdn. Bhd. has beginning accounts balances such as: Cash, RM25,000; Equipment, RM480,000; Accounts Receivable, RM21,000; Supplies, RM56,700, Capital RM43,000 and Liabilities RM539,700.

The following data summarized the transactions incurred for the month of June 2018 in the company:

Owner's Drawings, RM2,000; Accounts Payable, RM6,000; Service Revenue: RM120,000; Notes Payable, RM1,550; Owner's Capital, RM60,000; Expenses: RM42,000.

Instruction:

Prepare Statement of Changes in Equity for Jesicca Hair Salon Sdn. Bhd. for the month ended June 30, 2018.

(5 Marks)

(TOTAL 25 MARKS)

Continued...

QUESTION 2

Part A

Galaxy Planet provides renting facilities services with affordable rates in Melaka. The following events occurred in the month of August during its operation in 2018.

August 1	Invested RM100,000 cash in the business.
2	Received cash of RM5,000 for friendly match event which will be held in August.
3	Paid RM400 cash for advertising its services at the billboard.
4	Performed services to clients and billed clients RM7,500.
6	Subscribed RM60,000 for a one-year insurance policy of the Galaxy Planet on account.
11	Purchased supplies of artificial turf grass costing RM120,000 by signing a 3-month, 12.5%, notes payable.
12	Purchased RM1,800 of office supplies on account from Chia Chia Company.
20	Billed client RM12,000 for services performed.
21	Purchased equipment costing RM32,000 on account.
26	Paid RM1,800 cash each for two coaches salary for the month.
29	Paid full payment to Chia Chia Company for transaction occurred on 12 August.

Instructions:

1. Journalise the above transactions. You may omit explanations.

(11 Marks)

2. Based on the following additional information, prepare the adjusting entries for Galaxy Planet.
    1) An inventory count at the close of business in August reveals that RM1,500 office supplies are still on hand.
    2) The account shows that insurance for the month has expired.
    3) Depreciation of equipment is RM80 per month.
    4) Services were performed for one-half of the unearned service revenue.

Continued...

5) Pay interest for notes payable to the bank.

(5 Marks)

Part B

Ray Iconic Services Sdn. Bhd. ended its fiscal year on June 2018. The company's adjusted trial balance as of the end of its fiscal year is as below:

Ray Iconic Services Sdn. Bhd.
Adjusted Trial Balance
As at 30 June 2018

	Debit (**RM**)	Credit (**RM**)
Cash	25,000	
Supplies	96,000	
Account Receivables	42,200	
Motor Vehicle	89,000	
Accumulated Depreciation – Motor Vehicle		17,800
Notes Payable		45,000
Unearned Rent Revenue		23,000
Ray's Capital		74,000
Ray's Drawing	5,700	
Service Revenue		120,700
Rent Revenue		78,000
Depreciation Expense – Motor Vehicle	8,900	
Advertising Expense	34,000	
Salaries and Wages Expense	51,000	
Utilities Expense	6,700	
	358,500	358,500

Instructions:

1. Prepare the closing entries for Ray Iconic Services Sdn. Bhd as at 30 June 2018.

(6 Marks)

2. Post the closing entries to Owner's Capital and Income Summary account.

(3 Marks)

(TOTAL 25 MARKS)

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QUESTION 3

Part A

Briefly discuss the purpose of Conceptual Framework for the following users:

1. Preparers of Financial Statement
2. Auditorss
3. Users of Financial Statement
4. Malaysian Accounting Standard Board (MASB)

(4 Marks)

Part B

Relevance and faithful representation are the fundamental qualitative characteristics for an information to be useful.

Instruction:

1. Describe relevance and identify **THREE (3)** characteristics that describes relevance information.

(4 Marks)

2. Describe faithful representation and identify **THREE (3)** characteristics that describes faithful representation.

(4 Marks)

3. List **FOUR (4)** enhancing qualitative characteristics that enhance the usefulness of information that is relevant and faithfully represented.

(4 Marks)

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Part C

For each of the following statements, identify the appropriate term according to the descriptive statement below:

Statement of Financial Position	Neutrality
Consistency	Liability
Going concern	Statement of Comprehensive Income
Equity	Performance
Statement of Changes in Equity	Gain
Verifiability	Expenses
Assets	Statement of Cash Flow
Net loss	Understandability

1. The residual interest in the assets of the entity after deducting all its liabilities.
2. Used as a measure of performance or as the basis for other measures, such as return on investment or earnings per share.
3. A present obligation of the entity to transfer an economic resource as a result of past events.
4. Arising on the disposal of non-current assets. Three criteria must be in which are predictive value, feedback value and timeliness.
5. The elements directly related to this measurement of are assets, liabilities and equity.
6. It is assumed that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations.
7. A present economic resource controlled by the entity as a result of past events.
8. Encompasses losses as well as those expenses that arise in the course of the ordinary activities of the entity.
9. Classifying, characterising and presenting information clearly and concisely.

(9 Marks)

(TOTAL 25 MARKS)

Continued...

QUESTION 4

Part A

Instructions:
Identify principles of internal control that may be appropriate based on the following independent situations and explain the purpose of each principle involves.

1. Kamalia works as a salesperson for TMK Marketing. She is responsible for making sales and has no authority over shipping the goods to customer.

2. Oceanus Hypermarket manager suggest that each cashier on duty who operates cash register is responsible for his or her own cash drawers only.

3. In order to enter to the premises, Hang Que Company facilitates the entrance with passkey access and eyeball scans.

4. Home Solutions Sdn. Bhd. provides its customers with pre-numbered documents for any transactions made with the company.

5. Grapes Virtues Sdn. Bhd. conduct a background check on the list of its potential workers before hiring them.

6. The assistant treasurer for Zass Manufacturing Works Corporation is responsible to make monthly comparisons between the work of its accounting employee who maintain cash balance per book and the work of assistant cashier who maintains the custody of cash on hand.

(12 Marks)

Part B

Tegegey Company's Bank Statement for the month of December 2017 showed ending balance per bank of RM12,370. The company's Cash account in the general ledger had a balance of RM9,011 as at 31 December 2017. Other information is as follow:

(1) Cash receipts for 31 December 2017 recorded on the company's books were RM1,680 but this amount does not appear on the bank statement.

(2) The bank statement shows a debit memorandum for RM20 for cheques printing charges.

(3) Check No. 19 payable to Ramada Company was recorded in the cash payments journal and cleared the bank for RM450. A review of the accounts payable subsidiary ledger shows a RM25 credit balance in the account of Ramada Company and that the payment to them should have been for RM450.

(4) The total amount of cheques still outstanding as at 31 December 2017 amounted to RM5,550.

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(5) Cheque No. 61 was correctly written and paid by the bank for RM906. The cash payment journal reflects an entry for Cheque No. 61 as a debit to Accounts Payable and a credit to Cash in Bank for RM960.

(6) The bank returned an NSF cheques from a customer for RM2,740.

(7) The bank included a credit memorandum for RM1,592 which represents collection of a customer's note by the bank for the company; principal amount of the note was RM1,580 and interest was RM12. Interest has not been accrued.

(8) Note collected by the bank was a RM600, 3 month, 12 % note. The bank charged a RM15 collection fee. No interest has been accrued.

Instructions:

1. Prepare the Bank Reconciliation of Tegegey Company as at 31 December 2017.
(10 Marks)

2. Prepare any adjusting entries necessary as a result of the bank reconciliation.
(3 Marks)

(TOTAL 25 MARKS)

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